

Office Memorandum • UNITED STATES GOVERNMENT
CHC:mr

TO : MR. D. M. LADD

DATE: January 3, 1945

FROM : MR. C. H. CARSON

SUBJECT:

Under date of November 23, 1944, Special Agent Dennis A. Flinn submitted a memorandum to the Director captioned, "Suggestions on Intelligence Operations in Europe."

The suggestions set forth in the above memorandum have been studied very carefully and closely in the SIS Division along with the data set forth in my memorandum to you dated November 20, 1944, entitled, "Future of the FBI World-Wide Secret Intelligence Coverage", with a view to the possibility of adopting any of the suggestions deemed practicable and feasible in the immediate future without waiting for the post war period.

The various suggestions that might have current pertinency from an operational point of view will be dealt with hereinafter item-by-item. However, it should be noted that both memoranda described above were prepared with regard to future operations in the event the FBI's jurisdiction is increased. Generally speaking, neither memorandum attempts whatsoever to deal with suggested revisions or adjustments in procedure, etc., on the basis of this Bureau's present jurisdiction and responsibility in the foreign intelligence field. It is believed that both memoranda described above attempt to deal with future problems rather than with current problems. Both memoranda, it is believed, attempt to deal with the obvious problems raised by the fact that the present so-called "Legal Attache" system presently practiced in Latin America as a war time security organization will need certain adjustments and refinements if extended on a world-wide basis.

Inasmuch as Mr. Flinn's memorandum does, however, deal at length with his experiences as Bureau liaison representative in Lisbon, Portugal, where he has had an opportunity to study the [redacted] setup in the European theater at first-hand, it is believed desirable to deal with some of these observations on the basis of whether they can or should point the way to immediate changes in Bureau procedure.

(1) It is noted that most of Mr. Flinn's observations are based upon his study of [redacted] modus operandi and procedure. However, it must be realized that the modus operandi and procedure followed by the [redacted] in Portugal is not by any means universal even with the [redacted] inasmuch as they do vary their procedure from country to country, and particularly is it varied with regard to different geographical areas. I think it entirely sound and proper that we should study the [redacted] methods and procedures as closely as possible, as well as those practiced by other countries in order to adopt those features that would seem to be adaptable for our own purposes. However, I do think it entirely pertinent to note that [redacted] cannot be considered very efficient or successful with regard to the type of work that the Bureau has been in the past and will probably in the future be called upon to do in the foreign intelligence field, that is, investigative work.

Mr. Tolson
Mr. E. A. Tamm
Mr. Clegg
Mr. Coffey
Mr. Glavin
Mr. Ladd
Mr. Nichols
Mr. Rosen
Mr. Tracy
Mr. Carson
Mr. Hendon
Mr. Mumford
Mr. Jones
Mr. Quinn Tamm
Tele. Room
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(2) Mr. Flinn suggests that it would be desirable to separate our counter-intelligence activities from our positive intelligence activities. Here again, he apparently seems to depend very largely upon his observation of [redacted] methods in Portugal. It is believed that Mr. Flinn is definitely suggesting this as a post war proposition inasmuch as there would seem to be no present need for this in so far as our work in this hemisphere (where we have jurisdiction) is concerned. Even the [redacted] of course, do not have any clear-cut separation in the Western Hemisphere, nor, according to our information, in certain other areas. It is true that they separate the functions during war time in Portugal as well as Spain, Turkey, Switzerland, etc. Were we operating in these countries in war time, we would undoubtedly have to adopt a similar policy inasmuch as these particular neutrals do, because of their peculiar situation with regard to the war, distinguish very definitely between counter and positive intelligence. As a practical matter, it is virtually impossible to entirely separate the two phases of activities. OSS attempts this in certain countries, according to our information, but as a matter of actual fact positive intelligence is itself so closely related to security or counterintelligence that the two phases of the work can undoubtedly be best and most efficiently handled on a very closely coordinated basis. Practical adjustments, of course, have to be made to meet peculiar circumstances as they arise. For instance, our undercover people in Argentina at the present time maintain entirely different rings or groups of informants with regard to German espionage and Argentine political, Argentine military, etc. matters. Naturally, because of the peculiar situation existing in Argentina at the present time, we do use various types of cut-outs in order to prevent the Argentines from identifying the informants with the Agents handling same, and particularly from identifying one group of informants with other groups of informants. b7D

To sum up, it is believed that no present change should be adopted with regard to this particular phase of the work except such local adjustments as may be necessitated by changing circumstances from time to time.

(3) Mr. Flinn recommends that all communications between the Bureau and our foreign representatives, as well as vice versa, should have neither the addressee nor the addressor designated by name but that code names should be substituted, such as, "Smith, Lisbon, Portugal" to "Smith, Washington, D. C."; further, that the envelopes bearing such correspondence should be addressed simply to the "Office of the Legal Attache, blank country"; further, that envelopes from the Legal Attaches to the Seat of Government should be submitted to some code name at the Department of State which would result in same being thereafter forwarded to the Bureau. It should be noted that in so far as the outer envelopes are concerned this is the procedure presently followed throughout the Western Hemisphere, the code designation for the State Department being "FC-1", which is a code designation causing the State Department mail room to route the correspondence to the Bureau. With the exception of the outer envelope, however, our present correspondence to the Western Hemisphere is handled as ordinary Bureau correspondence. Bureau letter-heads are used with the Director's name and title, etc. We use more or less the same procedure with regard to correspondence to and from the following European posts: London, England; Lisbon, Portugal; and Madrid, Spain. Different procedures are used with regard to communications with our people in Paris, France, and Rome, Italy, at

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the present time, such correspondence being forwarded through the United States Army G-2 facilities. While it is believed that we may have to adopt some procedure similar to that suggested by Flinn in the future, particularly with regard to certain geographical areas, it is not believed that any change at the present time is necessary or advisable. Even should one of our pouches fall into the hands of the enemy through the act of God or otherwise, it is not believed that any great catastrophe would result from the fact that the Director's name appeared on certain correspondence dealing with intelligence matters even any more than the fact that other correspondence in the same pouch would contain the name of other prominent and easily identified government officials. It should be noted that we have always followed the practice of distrusting pouches with regard to extremely confidential and extremely secret information; such data is, and has been in the past, enciphered into an entirely safe code with instructions that it be destroyed upon being deciphered and contents carefully noted.

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(4) Mr. Flinn recommends that each post at which we have employees be provided with a code for use in communicating directly with various other foreign posts. He cites as an example the advantage of having direct communication by a code between Lisbon, Portugal, and Natal, Brazil, there being a direct aerial flight between these two cities, which flight naturally consumes less time than do communications forwarded to Brazil via the Bureau. It should be noted that at the present time inter-office codes are available to and are used by all of the Bureau Attaches in the Western Hemisphere. They do correspond with each other directly regularly. Up to the present time, however, the Bureau Attaches in Europe, while they do have means of communicating with each other, do not have facilities for communicating with the Attaches in Latin America except through the Bureau and vice versa (communications with the Agents in Paris and Rome must be via en clair messages through the War Department, the messages being encoded in Army code, this being necessitated by Army regulations with regard to combat theaters).

There would undoubtedly be many advantages in so far as performance of the work is concerned to permit our Attaches in Europe to correspond directly with our Attaches in Latin America and vice versa. However, it is believed that there are disadvantages and dangers inherent in such procedure. Our men in Europe are operating exclusively in liaison capacities and do not have investigative jurisdiction or investigative facilities due to the peculiarly delicate manner in which they obtain their information from the [] and other liaison channels. It requires particularly careful handling and supervision in so far as the investigative action to be taken with regard to same. Our Legal Attaches in Latin America cannot be expected to be as familiar and conversant with the somewhat delicate situation of our various men in Europe from time to time as would be the case at the Seat of Government in Washington. As an example, we have reason to believe that our Legal Attache in Madrid at the present time is under close observation, both with regard to his mail and his activities, from both the Ambassador and OSS. To permit free interchange of correspondence, investigative leads, requests, etc., between all of the Attaches without distinction into geographical areas with entirely different conditions, problems, etc., would be, in my opinion, inadvisable at the present time. I believe it would be too dangerous. I do think that Mr. Flinn's idea is sound with

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regard to potential future operations and that necessary adjustments can be worked out in the future as conditions and circumstances change. I doubt if it will ever be feasible to have every Bureau Agent in foreign countries corresponding freely with each other without recourse to the coordinating and supervising headquarters at Washington even in the post war days, assuming we are operating on a world-wide scale. I do think that a peculiar problem exists with regard to the situation between Lisbon, Portugal, and Natal, Brazil. A separate memorandum is being written dealing with this problem, and efforts are being made to iron out a recommendation designed to take care of emergency cases with regard to air traffic between Lisbon and Natal.

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(5) Mr. Flinn points out that to his knowledge the Bureau is the only governing agency operating in American missions using a numerical code, and he, therefore, recommends that we change our entire system of cipher codes and adopt a letter code instead of the numerical codes now used so that our messages will be less conspicuous. Information from the Bureau's communications section as well as the Technical Laboratory refutes the above, and I am advised that not only the Army and Navy, but also at least fifty per cent of all commercial lines of communication are via numerical code. In so far as the State Department letter code is concerned, I am firmly of the opinion that the Bureau code is far superior for Bureau purposes. I do not think that the Bureau should adopt any change whatsoever with regard to the use of the numerical code.

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(6) Mr. Flinn states that cable communications transmitted through the State Department to and from our representatives abroad have prefixes as follows: the prefix "Legat" for communications addressed to Legal Attaches, and the prefix "Tagel" for communications sent by Legal Attaches to the Bureau. Mr. Flinn seems to feel that it would be preferable to avoid these prefixes so that the messages cannot be identified by various people handling same as Bureau messages.

I definitely disagree with Mr. Flinn with regard to this matter inasmuch as the prefixes not only constitute an enormous saving in time and money to the Bureau and to the State Department, but also are even safer than what would be otherwise necessary. We adopted the prefixes about one year ago for the following reasons. Previously, cable messages transmitted via State Department channels had been delivered to the State Department enciphered in Bureau code. In order to insure proper routing of the message upon its arrival in the particular Embassy to which it was addressed, it was necessary for the State Department to encode a prefix in State Department code as follows: "From Hoover to _____" (last name of the Legal Attache involved). Without such procedure the messages would lay around an Embassy code room indefinitely without being delivered to our Legal Attache or vice versa as to messages from the Legal Attaches to the Bureau (these previously bore a prefix in State Department code "From _____ (Legal Attache's last name) to Hoover"). However, such prefixes were naturally prepared in the State Department utility or so-called "Brown" code. Obviously, they would have to use a code which they did not mind too much if the Bureau succeeded in breaking. As a matter of actual fact, it is believed that the Brown code is and has been for years thoroughly compromised. Such prior prefixes caused much delay as to encoding and decoding

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and naturally they were expensive. Consequently, arrangements were made with the State Department code room to transmit these cables, both to and from Washington, with the prefixes "Legat" for outgoing messages, and "Tagel" for incoming messages. Such cables upon receipt in a foreign Embassy are delivered directly to the Legal Attache without even being routed to the Embassy code room. The same is true at Washington, D. C. The cables are prepared entirely in Bureau code with the necessary prefix and transmitted directly without any recourse to the State Department code room. Even if, as Mr. Flinn argues, the prefix "Legat" identifies the message as a Bureau message to the enemy, I fail to see what harm has been done inasmuch as the enemy undoubtedly endeavors to decipher and decode all such cables falling into their hands. The enemy undoubtedly attempts to decipher all State Department cable messages falling into their hands whether they contain the prefix or not, these being diplomatic messages. The problem here is for the Bureau to utilize codes which the enemy cannot break, and it is certainly not believed that the enemy has in any way whatsoever succeeded in breaking any of our codes.

Mr. Flinn apparently assumes that the enemy is thoroughly cognizant of the fact that the term Legal Attache in a foreign United States Embassy designates an FBI representative. I think he is probably right in this regard, but it is not believed that the enemy can benefit at the present time from this information. I do believe, as pointed out in my memorandum of November 20, 1944, that the question of titles, etc., and other camouflage utilized by the FBI in peacetime on a world-wide scale will require many refinements and adjustments in order to insure necessary secrecy, etc. I do not think there is any need for any immediate change either with regard to the titles used by our people in Embassies abroad or with regard to our method of transmitting cables to and fro via State Department channels.